

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1498-01
Bill No.: HB 606
Subject: Business and Commerce; Corporations
Type: Original
Date: April 16, 2013

Bill Summary: This proposal would authorize the formation of low-profit limited liability corporations in Missouri.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Less than \$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Less than \$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would not result in any additional costs or savings to their organization.

Officials from the **Joint Committee on Administrative Rules** and the **Department of Revenue** assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** assume their organization would be responsible for filing the new business entities created by this proposal. SOS officials stated their software filing system would need a code change in order to support the filing of the new business entity type that will cost an estimated \$80,000.

Oversight notes the SOS assumed in response to HB 1890 LR 3211-01 (2010) that a limited number of businesses would qualify and file under the new provisions, and in the absence of the new provisions, would have filed as either a limited liability company or as a nonprofit corporation. However, programming changes would be required through the third party software vendor responsible for development and maintenance of the SOS system.

For fiscal note purposes, **Oversight** will indicate an unknown cost to the Office of the Secretary of State for programming cost of less than \$100,000 in FY 2014.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Cost - Secretary of State</u> Filing system code changes Section 347.015	(Less than <u>\$100,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Less than <u>\$100,000</u>)	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would authorize the formation of low-profit limited liability corporations in Missouri.

This bill allows for the creation of a low-profit limited liability company (LLC), which would be defined as an LLC that is operated to further the accomplishment of one or more charitable or educational purposes and would not have been formed but for that charitable or educational purpose. The corporation could not have political or legislative purposes and could not have as a significant purpose the production of income or the appreciation of property.

The production of significant income or capital appreciation would not, in the absence of other factors, be considered conclusive evidence of a significant purpose involving the production of income or the appreciation of property.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration - Division of Budget and Planning
Department of Revenue



Ross Strobe
Acting Director
April 16, 2013